

Department of Environmental Quality: Timeliness and Funding of the Air Quality Permitting Program

Follow-up Review
February 2003

Office of Performance Evaluations
Idaho State Legislature



Report 03-02F

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Rakesh Mohan
Director

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February 27, 2003

Members
Joint Legislative Oversight Committee
Idaho State Legislature

At the direction of the Joint Legislative Oversight Committee, we have completed a follow-up review of the air permitting programs at the Department of Environmental Quality.

We assessed the department's progress on the implementation of nine recommendations resulting from our June 2002 performance evaluation. We found that the department has addressed three recommendations pertaining to financial management of Title V funds. It is still in the process of implementing five other recommendations, and has not taken steps to address one other.

Ned Parrish, Chris Shoop, and Paul Headlee of the Office of Performance Evaluations completed this follow-up review.

Sincerely,

A handwritten signature in black ink that reads "Rakesh Mohan".

Rakesh Mohan

The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Programs

Follow-up Review February 2003

Abstract

The Department of Environmental Quality has made some progress in implementing the nine recommendations from the June 2002 evaluation of its air quality permitting programs. The department has addressed the three recommendations pertaining to financial management of Title V funds. It is still in the process of implementing five recommendations, and has not taken steps to address one other. Further follow-up will be needed to ensure the recommendations are fully addressed.

Background

In June 2002, the Office of Performance Evaluations released a report titled *The Department of Environmental Quality: Timeliness and Funding of Air Quality Permit Programs*. The Joint Legislative Oversight Committee requested the evaluation because of concerns about the department's timeliness in issuing permits. These concerns centered on two types of permits—comprehensive operating permits (called “Title V” permits) for large sources of pollution, and construction permits (called “Permit to Construct”) required before building or modifying facilities that emit pollution. The Committee's request was also prompted by concerns about whether the department has used Title V fee revenues appropriately and whether funding levels for this federally mandated permitting program were adequate.

The report showed that the department had been slow to issue Title V permits, missing federally established deadlines, and trailing behind the issuance rates of most other states. While a

number of problems contributed to the department's poor performance in past years, the report noted that recent steps had been taken to improve permit issuance. Most notably, the department committed to the U.S. Environmental Protection Agency to have all initial Title V permits issued by December 31, 2002. However, the evaluation showed that the department kept incomplete and inconsistent management data regarding permit projects and lacked standardized guidance for the permit writers responsible for developing the Title V permits.

In addition to the department's performance in issuing permits, the report addressed funding issues with the Title V program. The report showed that there was an imbalance between Title V revenues and expenditures, with spending exceeding revenues since fiscal year 1998. This trend led to a decline in the fund balance for the program, which was expected to continue unless spending was reduced or fees were increased.

Our evaluation addressed issues relating to management of Title V revenues and expenditures. We found that the department could not assure that all fees owed were actually collected due to incomplete information in the database that tracks air fees. Further, the department's transfers out of the permitting fund did not match actual expenditures, resulting in lost interest income on Title V funds. Finally, we found that overhead costs were not being charged to the Title V program in a manner consistent with other programs in the department.

The report included a review of the Permit to Construct program. We found that the department had worked to reduce the backlog of applications for the construction permits, but frequently exceeded established timeframes for processing applications. We also identified problems with management tracking information for the program, and called for the department to monitor collections of new Permit to Construct fees to ensure fee levels were appropriate.

Status of Title V Permit Issuance

Concerns leading to this evaluation centered on the department's timeliness in issuing permits. At the time of our review, the department had issued permits to 17 of the 54 facilities that were identified as needing one. The department committed to the U.S. Environmental Protection Agency to issuing the remaining Title V permits by December 31, 2002. With one exception, the

department has now issued Title V permits to all facilities in the initial population that needed one.¹

While almost all Title V permits have now been issued, some of these facilities are being required to obtain a Tier 2 permit (state operating permit) or Permit to Construct to address permit gaps that the department identified in the Title V permitting process. Acquisition of these permits will result in additional costs to facilities.

The department's work will also include other Title V tasks. These tasks include handling eight appeals of issued permits, and modifying and amending some existing permits. The department will also need to renew Title V permits, beginning in 2004. Title V permits are valid for a period of up to five years.

Implementation Status of Recommendations

Our June 2002 report provided a total of nine recommendations to the department pertaining to the Title V and Permit to Construct programs. Appendix A shows our assessment of the department's efforts to implement the recommendations. The department's response regarding its progress in implementing the recommendations is in Appendix B. These recommendations pertain to three areas of the Title V program and to the Permit to Construct program.

Management of Title V Program

We recommended that the department take steps to improve its Title V tracking information by:

- developing a list of initial Title V facilities that denotes their permit status
- ensuring the accuracy and consistency of the information presented in various reports used by department staff
- continuing to move toward a single centralized database to provide consistent information for use by the entire department and regional staff

While these recommendations have not been fully implemented, the department has taken some initial steps to address them.

¹ The one Title V permit not issued is for the Idaho National Engineering and Environment Laboratory (INEEL). This permit is being held up at the request of the U.S. Environmental Protection Agency.

Actions taken include:

- starting a review of permit classifications so that a comprehensive list of initial Title V facilities can be developed
- working on a centralized tracking database to be completed in December 2003
- restructuring of the program to limit the areas responsible for tracking Title V

It should be noted that the permit tracking data is currently divided over three separate reports that do not present complete and consistent information.

We also recommended that the department develop standardized guidance and procedures for permit writers to follow when creating permits. The department has made minimal progress in this area. Although permit writers expressed frustrations over a lack of guidance and standardization during our initial evaluation, the department believes that training and guidance information available from associations, private entities, or other government organizations provides sufficient direction for both new and experienced permit writers for the basic components of permit writing.

The department also reports that recent organizational changes—moving permit writers under the permitting program coordinators—should improve the department’s consistency in developing permits. As a result, the department does not plan to develop more specific guidance, as has been done in Oregon, for example. However, the department has taken preliminary steps to map the permit process, and indicated it will develop guidance for industry and state-specific issues as needed.

Title V Fees and Expenditures

We also recommended that the department work to correct the imbalance between program receipts and expenditures that had developed in the Title V program. In the 2003 legislative session, the department presented a new fee rule designed to help remedy the situation by increasing revenues closer to anticipated expenditure levels.

Our review of the document used to project the revenues that will be generated under this fee structure revealed potential deficiencies. Because the fee proposal calls for facilities to pay a

portion of fees based on their emissions, it is important to have information about each facility's emissions for projecting fee receipts. We found that emissions information used by the department in making its revenue projections was sometimes incomplete. As a result, the departments revenue projections are potentially understated.

Also, our analysis of the department's report showing the Title V program's projected costs and resource needs for fiscal year 2004 and beyond resulted in concerns about its accuracy and completeness. This document did not include projected hours for leave, and had significantly lower estimates for small business assistance and training compared to actual amounts incurred in previous years. Further, the projected hours for administrative costs in fiscal year 2004 are twice the amount estimated for fiscal year 2003. We also observed significant variations in the cost-per-hour of related program activities that led us to question the methodology used to determine some of the costs.

In January 2003, the Idaho Association of Commerce and Industry submitted a letter to Legislative Leadership. The Office of Performance Evaluations was provided a copy of that letter. The letter primarily focused on Title V program funding and expenditures, and discussed the Office of Performance Evaluations' efforts to address these issues. Appendix C provides our comments on key issues raised in this letter.

Title V Financial Management Issues

The report contained three recommendations to improve financial management for the Title V program. Specifically, we recommended that the department:

- improve its fee tracking database so that it can ensure that all required fees have been paid
- reconcile future transfers out of its Air Quality Permitting Fund to actual expenditures in order to maximize interest revenue potential
- apply the correct indirect cost rate to the Title V program so that other programs are not, in effect, subsidizing the program

The department has taken steps to address these recommendations and the issues are now resolved.

Permit to Construct Issues

In our review of the Permit to Construct program we suggested that the department:

- continue efforts to reduce its permit application backlog
- take measures to improve adherence to required permit deadlines
- improve the accuracy and completeness of its permit tracking data

The department now assigns projects to permit writers when applications are received, and reports that it no longer has a backlog. Although the department reports it is working to improve adherence to regulatory processing timelines, based on available data, it appears many of the permits processed in fiscal year 2003 continued to exceed required timelines. The department's current data system lacks some information needed to verify its compliance with processing timelines. The department is in the process of developing a centralized database for tracking air permit information, which should provide information to verify that regulatory timelines are met.

We also recommended that the department monitor revenue collected from its new permit to construct fees and determine if fee levels were adequate. The department began assessing these fees at the beginning of the current fiscal year, and reports that it will review fee levels at the end of the fiscal year.

Appendix A: The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Programs

Implementation Status as of February 2003

Recommendations from June 2002 Report		Implemented or Resolved	In Process	Not Implemented	Comments
1.	The Department of Environmental Quality should take steps to improve tracking information for Title V permitting projects.		X		The department has initiated efforts to improve management tracking information. While the department still uses several different tracking tools that do not always provide consistent information or are missing key data, the department is currently developing a centralized tracking database that is expected to be completed in December 2003. In addition, the department reports that it plans to develop a more complete list of initial Title V facilities that could help ensure facilities have the necessary permits.
2.	The Department of Environmental Quality should develop written guidance that establishes standard procedures for permitting staff to follow when developing permits.			X	The department has made minimal progress. The department reports it has taken some preliminary steps to map its permit process and plans to develop some industry and state-specific guidance as needed. However, the department does not plan to develop more general guidance for permit writers because it believes training and guidance available from the U.S. Environmental Protection Agency and other organizations are sufficient. The department also believes that recent organizational changes will result in greater consistency.
3.	The Department of Environmental Quality should address the current imbalance between Title V program revenues and expenditures, and consider alternative factors, in addition to emissions, as a basis for Title V fees.		X		The department has proposed an increase in Title V fees to provide additional funding for the program. Proposed changes to the department fee rules were approved by the Board of Environmental Quality in November 2002 and are currently under legislative review. We reviewed the program cost and revenues projection upon which the department's fee proposal was based, and identified a number of potential weaknesses that could impact the accuracy of these estimates.
4.	The Department of Environmental Quality should improve its fee tracking database.	X			The department has improved its fee tracking database so that all Title V sources are identified, fee payments and adjustments are recorded, and fee payments are reconciled to amounts posted in the accounting system.
5.	The Department of Environmental Quality should reconcile future transfers to actual expenditures.	X			The department has revised its process of transferring funds, reducing the balance of the Title V monies kept in its operating fund, and increasing retention of funds in the interest-bearing Air Quality Fund.

Appendix A (continued): The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Programs

Implementation Status as of February 2003

Recommendations from June 2002 Report	Implemented or Resolved	In Process	Not Implemented	Comments
6. The Department of Environmental Quality should apply its indirect cost rate to Title V funds consistently with its other programs.	X			The department is now applying the same indirect cost rate to Title V activities as is applied to all other department activities.
7. The Department of Environmental Quality should continue efforts to reduce the permit to construct application backlog and take measures to improve adherence to deadlines established in Idaho Administrative Code.		X		The department now assigns projects to permit writers when applications are received, and reports that it no longer has a backlog. Although the department reports it is working to improve adherence to regulatory processing timelines, it appears many of the permits processed in fiscal year 2003 continued to exceed those timelines. Also, the department's current data system does not account for the impact that delinquent application fees have on processing timelines. The department's new data system should address this issue.
8. The Department of Environmental Quality should take steps to ensure the Permit to Construct data is complete and accurate.		X		The department is in the process of developing a centralized database for tracking air permit information. This new system, scheduled for completion in December 2003, will replace a number of decentralized systems containing data that are not always consistent, current, or complete.
9. The Department of Environmental Quality should monitor fee collections and workload to determine if the fee schedule should be adjusted either up or down.		X		The department is tracking Permit to Construct and Tier II permit application and processing fee receipts and will assess the adequacy of funding at the end of fiscal year 2003.

Appendix B

Agency Response to the Recommendations



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

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Dirk Kempthorne, Governor
C. Stephen Allred, Director

January 3, 2003

Mr. Rakesh Mohan, Director
Office of Performance Evaluations
Idaho State Legislature
Joe R. Williams Building
Lower Level, Suite 10
Boise, Idaho 83720

RECEIVED

JAN 6 2003

PERFORMANCE EVALUATIONS
IDAHO STATE LEGISLATURE

RE: Update to Joint Legislative Oversight Committee Request on
Status of Recommendations in Evaluation of Air Quality Permitting
Program

Dear Director Mohan:

This letter is in response to your request of December 19, 2002. It is a summary of the status of the Department of Environmental Quality, Air Quality Division's response to the recommendations made in the Office of Performance Evaluations' June 2002 report on the air quality permitting programs

Recommendation 1. We recommend the Department of Environmental Quality take steps to improve tracking information for Title V permitting projects. Specifically the Department needs to: (1) develop an accurate list of initial Title V facilities in Idaho and their permit status; (2) ensure the accuracy and consistency of the information presented in various reports used by department staff; and (3) continue moving toward a single centralized database to provide consistent information for use by the entire department and regional staff.

Status of Recommendation 1.1—Facility List. **Implemented.** The Department has developed and is maintaining an accurate list of the facilities that fall within the scope of the Title V program. Title V permits have been issued to all but one of these facilities. Title V permit issuance for the remaining facility, the Idaho

National Environmental and Engineering Laboratory, has been delayed pursuant to a request from the U.S. Environmental Protection Agency (EPA). The schedule for issuance of this permit will be dictated by the results of EPA's review of the facility's regulatory status.

For all permitted facilities, the Air Quality Division has been reviewing and, as needed, updating classifications (i.e. major, synthetic minor, minor) in the source database shared with EPA. Where facilities are classified as synthetic minor, a review has been initiated to verify that status with a cross-checked against the content of the Tier II permit; this review – which will be completed by the end of the first quarter of CY2003 - is expected to result in a more accurate list of synthetic minor facilities.

Status of Recommendation 1.2—Data Consistency and Centralization.

Implemented. The Department currently uses more than one tool to track air quality permitting activities. Each tool is designed for a different purpose.

For the tracking of Title V permit projects, the primary tool used are permit spreadsheets maintained by the Stationary Source Program for each type of permit. These tools summarize and track working schedules and key budget information. The spreadsheets provide accurate day-to-day planning and management information with realistic permit schedules based on real workload for the major stages of permit development and implementation. The final permit schedule is, therefore, integrated with the requirement for final quality control.

Status of Recommendation 1.3—Integrated Database. **Implementation initiated.**

The Air Quality Division has initiated the development of an integrated system for handling air quality permitting and compliance data. The transfer of existing data into the new system will include a step for verifying its accuracy. Once fully implemented, the new system will allow staff to cross-check existing information with new data reported by facilities. System data access will be extended to air quality staff in the regional offices as well as staff in the main Boise office. The integrated data system will be fully functional by December 2003.

***Recommendation 2.** We recommend the Department of Environmental Quality develop written guidance that establishes standard procedures for permitting staff to follow when creating permits.*

Status of Recommendation 2—Guidance. Implementation ongoing. The more basic aspects of writing air quality permits are well covered by various government, association, and private publications and training courses. Many of the manuals available through these sources provide excellent information and instruction to both new and seasoned permit writers. Because the air quality program implemented by the state of Idaho mirrors the minimum requirements of federal permitting programs, the use of the guidance provided in these manuals is an efficient and effective mechanism for leveraging the resources available to the Air Quality Division. Additional efforts are being made to ensure that permit writers and other air quality staff have access to the training and written resources necessary for them to implement the program consistently and professionally

Beyond the basics, the strategy for writing air quality permits is a dynamic process which must incorporate the continuing evolution of regulations, EPA guidance, and technology. This is an area where there is a need for written guidance on Idaho- and industry-specific issues to supplement federal guidance. Some guidance documents and forms have already been issued by the Air Quality Division, others are being prepared. Because of limitations on resources, these guidance documents are being developed as issues arise rather than proactively. Resolution of specific issues provides an opportunity to solve immediate problems and to document the issue to guide future, similar scenarios. A system to ensure the distribution of, and access and adherence to, these internal guidance documents has been implemented using the agency's intranet.

***Recommendation 3.** We recommend the Department of Environmental Quality address the current imbalance between Title V program revenues and expenditures, and consider alternative factors in addition to emissions, as a basis for Title V fees.*

Status on Recommendation 3—Title V Permit Fees. Implemented. In November 2002, the Board of Environmental Quality approved revisions to the Title V program fee structure codified in Idaho's air quality rules. If approved by the Idaho Legislature, the revisions will be effective upon the conclusion of the 2003 session.

The proposed fees are based on a combination of emission, registration and service fees. The proposed fee structure should result in an increase in revenues from current levels. The ability of the new structure to generate adequate funding for Idaho's Title V program is not yet known. The Department will track fee receipts and compare them against program costs to assess the effectiveness of the fee program, and to determine whether there is a need to further revise the fee regulations.

Recommendation 4. We recommend the Department of Environmental Quality improve its fee tracking database. Specifically, the Department should take steps to ensure that: (1) Title V sources are accurately identified; (2) all fee payments are recorded; and (3) individual fee payments are reconciled to amounts recorded in the statewide accounting system.

Status of Recommendation 4—Fee Tracking Database. **Implemented.** The fee tracking database has been improved. A more accurate accounting of fees due from sources will be available for follow up by Air Quality Division and accounting staff.

Recommendation 5. We recommend the Department of Environmental Quality reconcile future transfers to actual expenditures.

Status of Recommendation 5—Fund Transfers. **Implemented.** Transfers from the Title V Air Quality Permitting Fund are being more closely reconciled to actual expenditures. This should allow for additional interest to accrue in the fund.

Recommendation 6. We recommend the Department of Environmental Quality apply its negotiated indirect rate to Title V funds consistently with its other programs.

Status of Recommendation 6—Indirect Rate. **Implemented.** The federally negotiated indirect rate is being applied to Title V costs, as it is in other agency programs.

Recommendation 7. We recommend that the Department of Environmental Quality continue efforts to reduce the permit to construct application backlog and take

measures to improve adherence to deadlines established in Idaho Administrative Code.

Status on Recommendation 7—Permit Timeliness. **Implemented.** The Department has implemented a number of changes to improve process for the handling of permit to construct (PTC) applications and the development of the permits. These measures have been successful in decreasing the number of PTC applications in the backlog from 41 in September 2001, to eight in April 2002 to zero at the end of 2002.

Although the Air Quality Division makes every effort to adhere to the regulatory deadlines, quite frequently adherence to the schedule is not within the control of the agency. The amount of time required to determine application completeness and to issue an air quality permit is dependent on the technical accuracy and quality of the application submitted and the complexity of the proposed project. A facility request for an opportunity to comment on a draft permit prior to the public comment period can delay permit issuance. The Air Quality Division is committed to providing comprehensive and technically sound reviews of permit applications. This commitment facilitates compliance, ensures air quality goals are met and reduces future delays in implementation of the operating permit programs due to inadequate “foundation” permits (a major cause of the delay in issuing the Title V permits).

Recommendation 8. *We recommend that the Department of Environmental Quality take steps to ensure the permit to construct data is complete and accurate.*

DEQ Action—PTC Data. **Implemented.** The Department has centralized responsibility for the tracking and coordination of permitting data and information. The new process focuses on defined quality objectives and quality assured data.

Recommendation 9. *We recommend the Department of Environmental Quality monitor fee collections and workload to determine if the fee schedule should be adjusted either up or down.*

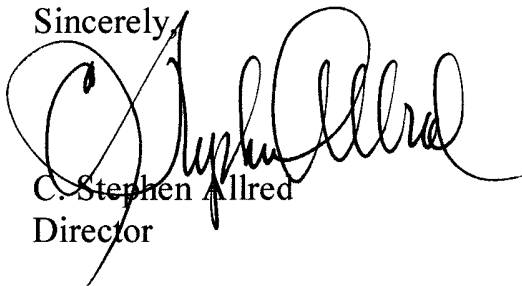
DEQ Action—Fee Monitoring. **Implemented.** The Air Quality Division is tracking the amount of fees received as a result of the implementation of the new permit to construct and Tier II operating permit fee structures. In developing these

rules, it was projected that fee receipts for the PTC program for FY03 would be between \$150,000 and \$200,000. As of December 31, 2002, PTC fee receipts totaled only \$41,250.

Through the available timekeeping and cost tracking systems, average per permit costs incurred by the agency are able to be calculated. At the end of this fiscal year, the Air Quality Division will analyze the percentage of costs for permits covered by the fee collections. The adequacy of available funding will then be assessed and the agency will pursue any additional monies needed to ensure an ability to respond to the needs of the regulated community and to meet federal requirements.

Thank you again for the opportunity to respond to your study. If you or your staff have a need for further information, please contact me or Kate Kelly, the Administrator of the Air Quality Division.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Stephen Allred", is written over the typed name and title.

C. Stephen Allred
Director

CSA:kk

Appendix C

Response to Comments from the Idaho Association of Commerce and Industry

In January 2003, the Idaho Association of Commerce and Industry (IACI) submitted a letter to Legislative Leadership commenting on the office's 2002 report regarding air quality permitting programs at the Idaho Department of Environmental Quality. The association is interested in these programs because a number of its members are subject to permitting requirements and pay annual Title V permitting fees, which are required to fully support the program.

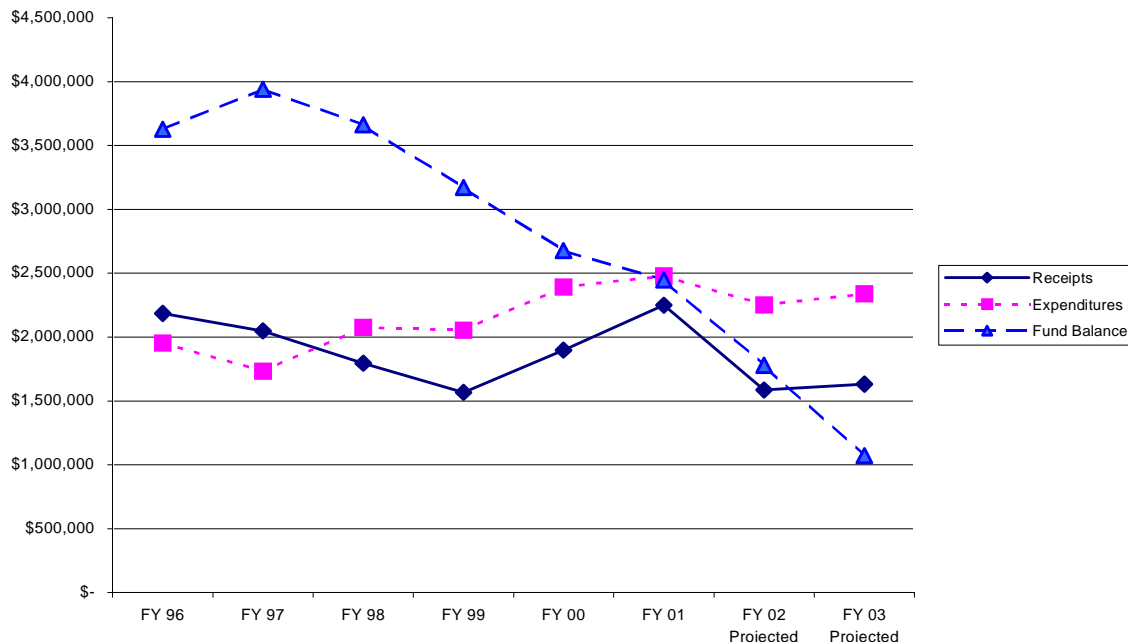
The purpose of this appendix is to comment on key issues raised in the association's letter.

Assessment of Title V Program Funding

The association's letter indicates that Office of Performance Evaluations "presumes that fees should be adequate to support the Idaho Title V program at present spending levels," and that "OPE seems to be arguing that IDEQ needs more money... by raising fees." However, we did not advocate a fee increase in our 2002 report. We simply pointed to an imbalance between expenditures and revenues that had developed in recent years.

The association is correct in its assertion that the department has historically had sufficient revenue to cover its Title V program costs. Prior to fiscal year 1998, the department received more funding for the program than it spent each year. In subsequent years, however, the department began spending more than it brought in to support the program. This trend can be seen in Figure 3.2 of the original report, which is presented on the following page. This figure summarizes revenues from all

Figure 3.2: Air Quality Permitting Funds: Revenues, Expenditures, and Fund Balance (including Department of Energy Funds)



Source: Office of Performance Evaluations' analysis of the Statewide Accounting and Reporting System (STARS) and Department of Environmental Quality data.

sources (including permit fees, U.S. Department of Energy funding, and interest), total program expenditures, and year-end fund balances. We found that the fund balance for the program would continue to decline if fee levels and department expenditure patterns remained the same.

We recommended that the department take steps to address the imbalance between program revenues and expenditures, and discussed the possibility of reducing expenditures as well as increasing fees. The department has chosen to address the imbalance between revenues and expenditures by raising Title V fees. We discuss the department's efforts to increase fees, and raise questions about the program cost and revenue projections upon which the proposed fees are based, in the main section of this follow-up report.

Verification of Title V Program Revenues and Expenditures

The association's letter states that "OPE needs to account for the approximately \$20,000,000 collected and spent since the program's inception," and "analyze the historic spending practices of IDEQ." Given the short time available for our 2002 review, and the limitations of historic revenue and expenditure data, performing a detailed review of Title V revenues and expenditures from the program's inception was not feasible.

Our report provided summary information about Title V program revenues, expenditures, and annual fund balances over a 6-year period from fiscal year 1996 through fiscal year 2001 (the last year for which complete information was available at the time of our review). This was as far back as information from the Statewide Accounting and Reporting System (STARS) was available. Going further back would have required review of data on microfiche from the department's previous accounting system, which was replaced in fiscal year 2001. We decided not to take this step because the information available in this old system was not sufficiently detailed to allow for a thorough review of how Title V fee revenues were used.

The evaluation did include information about Title V fees paid by facilities since these fees were initially assessed in fiscal year 1993, and reviewed detailed Title V expenditure information for fiscal year 2001, the only full year for which this type of information was available.

Comparison of Title V Fee Structures in Idaho and Other States

The association's letter indicates that our comparison of fee structures in Idaho and other states, presented in Table 3.4 of the original report (which is presented on the following page), understated funding for Idaho's program. More specifically, the association pointed out that our analysis excluded funding received from the U.S. Department of Energy for the Idaho National Engineering and Environment Laboratory (INEEL). The association also indicated that our analysis did not consider interest earned on Idaho's Title V funds, and did not take into account potential revenues from permit modifications had the department issued a higher percentage of its permits.

Table 3.4: Fee Revenues for Idaho Title V Facilities, Calculated Using Neighboring States' Fee Schedules, Calendar Year 2001

<u>State</u>	<u>Total Fees</u>
Wyoming	\$ 458,132
Montana	843,405
Idaho^a	929,111
Utah	1,038,793
Oregon ^b	1,372,041
Nevada ^b	1,417,773
Washington ^b	\$2,423,044

^a Fees calculated on a calendar year basis to conform to other states' data.

^b Some facilities regulated by local or regional permitting authorities. We used only the state permitting authority's rate schedule.

Source: Office of Performance Evaluations' analysis of Department of Environmental Quality data and selected states' fee schedules.

To compare Idaho's fee structure with the neighboring states, we requested information about their program costs, facility emissions, and facility fee payments, but did not receive complete information in most cases. Without this type of information, we could not compare the cost of Idaho's program with Title V program costs in other states. Likewise, we could not make *direct* comparisons of fees paid by Idaho facilities and fees paid by facilities in other states. In an effort to compare Idaho's fees with fees in neighboring states, we estimated how much Idaho's facilities would pay if they were subject to fee requirements in each of these states.

As indicated in the association's letter, Table 3.4 did not include the funds received from the U.S. Department of Energy for its Idaho National Engineering and Environment Laboratory. We purposefully left this facility out of the analysis for two reasons.

1. The U.S. Department of Energy had not paid Title V fees for facilities using the standard formula. Instead, the Department of Energy made negotiated fee payments—ranging from approximately \$350,000 to \$550,000 annually—that far exceeded the amount it would have paid based on the facility's emissions.

2. At the time the report was released, future funding from the Department of Energy was in question. The Department of Energy notified the Department of Environmental Quality in January 2002 that it no longer intended to make negotiated payments, but would pay fees using the standard formula other facilities use. Based on the facility's actual emissions, we estimated that the facility would have paid \$22,500 in 2001 had the standard formula been applied. This amount would not have substantially changed the estimate of fee revenues for Idaho presented in the table.

As noted in the association's letter, we did not consider interest in this analysis. We also did not attempt to hypothesize how much additional revenue the department might have been able to generate from permit modifications if permits had been issued in a more timely fashion. Our intent was simply to show how much facilities in Idaho would have paid if they were subject to Title V fee requirements of other states.

Performance Evaluations Completed 1999–Present

<u>Pub. #</u>	<u>Report Title</u>	<u>Date Released</u>
99-01	The State Board of Pharmacy's Regulation of Prescription Controlled Substances	June 1999
99-02	The State Board of Medicine's Resolution of Complaints Against Physicians and Physician Assistants	October 1999
99-03	Employee Morale and Turnover at the Department of Correction	October 1999
00-01	A Limited Scope Evaluation of Issues Related to the Department of Fish and Game	March 2000
00-02	The Department of Fish and Game's Automated Licensing System Acquisition and Oversight	June 2000
00-03	Passenger Vehicle Purchase Authority and Practice in Selected State Agencies, Fiscal Years 1999–2000	September 2000
00-04	A Review of Selected Wildlife Programs at the Department of Fish and Game	November 2000
00-05	Idaho's Medicaid Program: The Department of Health and Welfare Has Many Opportunities for Cost Savings	November 2000
01-01	Inmate Collect Call Rates and Telephone Access: Opportunities to Address High Phone Rates	January 2001
01-02	Idaho Department of Fish and Game: Opportunities Exist to Improve Lands Program and Strengthen Public Participation Efforts	January 2001
01-03	Improvements in Data Management Needed at the Commission of Pardons and Parole: Collaboration With the Department of Correction Could Significantly Advance Efforts	May 2001
01-04	The State Board of Medicine: A Review of Complaint Investigation and Adjudication	June 2001
01-05	A Review of the Public Works Contractor Licensing Function in Idaho	November 2001
01-06	A Descriptive Summary of State Agency Fees	November 2001
02-01	The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Programs	June 2002
02-02	Management of State Agency Passenger Vehicles: A Follow-up Review	November 2002
02-03	A Review of the Idaho Child Care Program	November 2002
03-01F	Agency Response to <i>Management of State Agency Passenger Vehicles: A Follow-up Review</i>	February 2003
03-01	Programs for Incarcerated Mothers	February 2003
03-02F	The Department of Environmental Quality: Timeliness and Funding of Air Quality Permitting Program	February 2003
03-03F	Data Management at the Commission of Pardons and Parole and the Department of Correction	February 2003

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